

Message Text

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21

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 OMB-01 SCI-06 NIC-01 AID-20 COME-00 EB-11

FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

AGR-20 SCA-01 SCS-03 VO-03 NEA-10 CU-04 INT-08 SCEM-02

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E.O. 11652: N/A

TAGS: PFOR, EGEN, BU

SUBJECT: BULGARIAN QUARTERLY TRENDS (OCTOBER-DECEMBER)

REF: SOFIA 1756

1. SUMMARY: DURING THIS QUARTER, US-BULGARIAN RELATIONS HAVE IMPROVED CONSIDERABLY AND WILL CONTINUE TO DO SO IF DETENTE HOLDS AND HIGH-LEVEL VISITS CAN BE ARRANGED. INTERNATIONALLY, BULGARIAN LEADERSHIP HAS BEEN ACTIVE IN PROMOTING USSR POSITIONS. INTERNALLY, THERE SEEMS TO HAVE BEEN A SHIFT FROM CONCENTRATION ON INDUSTRIALIZATION TO SPECIALIZATION IN AGRICULTURE.

2. FROM A U.S. INTEREST POINT OF VIEW, THE MOST IMPORTANT DEVELOPMENT IN BULGARIA DURING THIS QUARTER HAS BEEN MARKED IMPROVEMENT IN US-BULGARIAN RELATIONS. AFTER YEARS OF UNSUCCESSFUL NEGOTIATIONS, WE WERE ABLE TO INITIAL A CONSULAR AGREEMENT ON DECEMBER 21. OTHER HIGHLIGHTS WERE: AN EXCHANGE OF NOTES ESTABLISHING LIMITED OFFICIAL USE

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MULTIPLE ENTRY VISAS FOR NON-DIPLOMATIC PERSONNEL; AN

AGREEMENT WAS INITIALED BETWEEN THE U.S. AND BULGARIAN CHAMBERS OF COMMERCE TO ESTABLISH A JOINT COUNCIL; A VISITING AMERICAN TRADE MISSION WAS GIVEN HIGH-LEVEL ATTENTION ; AND AN AMERICAN FIRM SIGNED A MILLION DOLLAR CONTRACT WHICH WILL PROVIDE BULGARIA WITH AGRICULTURAL EQUIPMENT AND TECHNOLOGY.

3. PERHAPS MORE IMPORTANT THAN MOST OF THESE CONCRETE DEVELOPMENTS, IS THE IMPROVED ATTITUDE TOWARD THE U.S. THE CONTROLLED PRESS, AS EXPECTED, SUPPORTS THE SOVIET POSITION IN MIDDLE EAST BUT CONTINUES TO REPORT USG EFFORTS TO BRING ABOUT A PEACEFUL SOLUTION. (PRIVATELY BOTH GOVERNMENT OFFICIALS AND ORDINARY CITIZENS HAVE TOLD EMBASSY OFFICERS THAT THEY REALIZE USG IS WORKING HARD FOR MIDDLE EAST PEACE). THERE HAS BEEN LIMITED AMOUNT OF FAVORABLE U.S. PUBLICITY AND ENOUGH FOR PUBLIC TO KNOW THAT RELATIONS ARE IMPROVING. ALTHOUGH DAO HAS PROBLEMS, EMBASSY HAS NO DIFFICULTY SEEING OFFICIALS. THE ONE SOUR NOTE IS THAT WE HAVE BEEN UNABLE TO ARRANGE ANY CULTURAL EVENTS IN BULGARIA DURING THIS QUARTER ALTHOUGH BULGARS DID NOMINATE PARTICIPANT FOR EAST-WEST ECONOMIC JOURNALIST TOUR.

4. SINCE OUR INTERESTS IN BULGARIA ARE LIMITED, WE CAN BE SATISFIED WITH RECENT ACHIEVEMENT BUT THE GOB IS NOT. THE PURPOSE OF ITS CHANGE OF HEART IS TO REAP THE REWARDS OF DETENTE AS IT SEES THEM, NAMELY ACCESS TO US CREDITS, TECHNOLOGY, EQUIPMENT AND EVENTUALLY U.S. MARKETS THROUGH MFN. IT REALIZES THAT THE US TRADE BILL, AS IT NOW STANDS, IS AN IMPEDIMENT TO CREDITS AND MFN BUT THEY ARE PREPARED TO WAIT AND SEE HOW THIS QUESTION IS RESOLVED. PROVIDING THE OVERALL UMBRELLA OF DETENTE PREVAILS, THE GOB HOPES MOMENTUM IN RELATIONS CAN BE MAINTAINED THROUGH TWO HIGH LEVEL VISITS- FIRST DEPUTY PREMIER POPOV TO US WHERE HE HOPES TO SIGN "SOME KIND OF ECONOMIC AGREEMENT" AND THE SECRETARY TO BULGARIA TO SIGN THE CONSULAR AGREEMENT (SEE REFTEL). IF THERE IS NO MOVEMENT IN THIS DIRECTION RELATIONS CAN BE EXPECTED TO REMAIN STATIC IF NOT DETERIORATE.

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5. ON THE INTERNATIONAL FRONT, BULGARIAN LEADERSHIP HAS BEEN ACTIVE VISITING SOCIALIST AND NON-SOCIALIST COUNTRIES WITH OTHER VISITS TO COME. THE GOB HAS ESTABLISHED RELATIONS WITH THE FRG. WE SEE THIS ACTIVITY AS GOB'S SUPPORT OF RUSSIAN OBJECTIVES I.E. DETENTE, A COMMUNIST CONFERENCE OF SOME SORT, SOCIALIST UNITY AND THE SOCIALIST WORLD REVOLUTIONARY MOVEMENT. ON OTHER HAND IT IS OPENING OUT TO THE WESTERN WORLD FOR THE BENEFITS

DETENTE OFFERS THERE. IMPROVED RELATIONS WITH FRG REPRESENT
SUCH A MOVE.

6. INTERNALLY, BULGARIA REMAINS POLITICALLY STABLE WITH
ONLY MINOR CRACKS EVIDENT SUCH AS CONTINUING VACANCIES
IN THE POLITBURO. ECONOMIC GROWTH HAS BEEN LESS THAN
PLANNED WITH CONTINUING PROBLEMS IN THE AGRICULTURAL
SECTOR AND UNUSED CAPACITY IN INDUSTRY. THE ENERGY CRISIS
IS EFFECTING PRODUCTION BUT HAS NOT YET BEEN FULLY FELT.
INCREASED WORLD PRICES FOR OIL WILL PUT A CONSIDERABLE
STRAIN ON FOREIGN EXCHANGE AND BULGARIA'S
ABILITY TO BUY IN WESTERN MARKETS. IN NOVEMBER, THE GOB
TOOK A MAJOR DECISION TO STRENGTHEN THE AGRICULTURAL
SECTOR THROUGH FURTHER DEVELOPMENT OF AGRO-INDUSTRIAL
COMPLEXES (AN IDEA NOW ADOPTED BY THE USSR AND ONE WHICH
OFFERS REAL OPPORTUNITIES FOR US SALES HERE AND PERHAPS
IN THE SOVIET UNION). THIS SHIFT IS ALSO EVIDENT IN THE
1974 BUDGET AND PLAN.
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